

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

**X= Foundation
Y= Fellowship Program
x= \$ amount**

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated August 25, 2008.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program called Y to award post-doctoral fellowships.

X's mission is to unlock human potential by supporting individual liberty, limited government, free markets, personal virtue, and the pursuit of truth. The Fellowship Program is designed to support scholars of exceptional promise and demonstrated accomplishment who wish to conduct social science research and/or writing that furthers X's mission or that educates about the benefits of America's free, democratic-capitalist society.

Up to five Fellowships of x each will be awarded annually, one each in the fields of history, political science, economics, education, and law. Additional fields of social science may be added in the future, and categories may be revised or combined. Grant recipients must use grant funds for purposes related to their stated research/writing project. Acceptable uses of grant funds include: to defray the recipient's general and typical living expenses, to fund travel for stated research purposes, to hire research assistants or teaching assistants in order to free up the recipient's time to further completion of the stated project.

X will send an announcement about the Fellowship Program to fifty top professors in the fields of history, political science, economics, education, and law. The professors chosen will represent a cross-section of the most accomplished social science scholars across the United States and will be recognized leaders in their fields. Each professor will be invited to nominate up to two candidates for a fellowship. It is anticipated that X will receive 50 to 100 candidates for the Fellowship Program each time it is announced. The criteria used to determine who is eligible for the program is designed to identify applicants with the special talent, education, and research experience required to achieve X's goals.

To qualify for a Fellowship, a candidate must (1) hold a Ph.D. degree in one of the social science fields covered by the Fellowship Program, (2) show special promise in his/her field, (3) have demonstrated accomplishments, such as the pursuit and publication of relevant research, (4) be considered exceptionally talented by one of fifty independent scholars who are invited to submit nominations, and (5) be a non-tenured instructor, assistant professor, or associate professor at an accredited U.S. educational institution.

After a candidate is nominated by a professor, the candidate will be asked to submit an application in accordance with the Fellowship Application Questionnaire.

The Selection Committee consists of recognized experts in each field of social science in which Fellowships are awarded. Members of the Selection Committee will not be allowed to nominate candidates for the Fellowship Program.

The criteria used to select award recipients will be: quality of applicant's past research and writing; demonstrated knowledge and experience in applicant's field of specialty; and quality of applicant's research and writing in relation to X's mission.

X plans to award five Fellowships annually, one each in the fields of history, political science, economics, education, and law. However, if the Selection Committee determines that the applicants or proposed projects in a particular field are not of sufficient quality, a Fellowship will not be awarded in that field.

The Foundation's Officers, directors, trustees, substantial contributors, and family members identified as disqualified persons are not eligible for awards under the Fellowship Program.

Fellowships are awarded for one year and are not renewable. Each Fellowship will be paid as follows: 40% of the award will be paid at the beginning of the grant period; 40% will be paid at the mid-point of the grant period but only after receipt of the Progress Report from the recipient; 20% will be paid at the end of the grant period but only after receipt of the Final Report from the recipient.

Recipients must submit to X a Progress Report midway through the grant period and a Final Report within 30 days of the end of the grant period. X reserves the right to cancel all or part of the grant award and/or to demand repayment of any or all funds if X is dissatisfied with the recipient's research progress during the grant period. X shall require repayment of all or any part of the grant award determined by X to have been improperly spent.

X agrees to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in

making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements